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C O N F I D E N T I A L SECTION 01 OF 04 ISLAMABAD 000274

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TAGS: [PREL](#) [EAID](#) [PREF](#) [PK](#) [AF](#) [IN](#) [CA](#)

SUBJECT: BOUCHER DISCUSSES AFGHANISTAN, INDIA, TRADE WITH
FOREIGN MINISTER

REF: ISLAMABAD 29

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Classified By: Ambassador Ryan C. Crocker, Reasons 1.4 (b), (d)

Summary

¶1. (C) On January 12, Assistant Secretary of State for South and Central Asian Affairs Richard Boucher met with Foreign Minister Mian Khurshid Kasuri for a wide-ranging discussion, which included Pak-Afghan and Pak-India relations, Reconstruction Opportunity Zones, the development plan for Pakistan's frontier region, border security, Afghan refugees, intelligence cooperation, and possibilities for a U.S.-Pakistan free trade agreement. End summary.

Boucher: Karzai Says Parliament Exchange Good;
Karzai's Confidence Up

¶2. (SBU) Boucher began the January 12 meeting with Pakistan Foreign Minister Mian Khurshid Kasuri by saying that his visit to Afghanistan went well. Boucher raised Pakistan's interest in starting a Pak-Afghan parliamentary exchange with Afghan President Hamid Karzai, who agreed that the exchange is a good idea (reftel). Karzai agreed that the exchange is important and promised to call Wolessi Jirga Speaker Younus Qanooni to help get it started.

¶3. (C) Boucher said that Karzai is more confident this year than last year, when he was faced with the growing Taliban insurgency and had no police or military capability to deal with it. This year, Boucher said, 3-4,000 police have been trained and are deploying to southern Afghanistan. The 35,000-strong Afghan Army is more capable and better

equipped. In some provinces in east, central, and southern Afghanistan, Boucher said, the combined efforts of the army and police as well as good governance and development programs have had a stabilizing effect. The full fruition of these efforts will come next year, he predicted. Boucher said that he believes NATO and Afghan troops will be able to disrupt the Taliban's spring offensive. Police are being deployed to northern Helmand province and Afghanistan's interior, and Afghan police are backfilling areas after NATO secures them.

Kasuri: What About Musa Qala?

14. (C) Kasuri was interested in Boucher's assessment of the Musa Qala agreement. Boucher explained that British troops departing from Musa Qala (Helmand Province) struck a deal with local elders to control security, as there were no plans for Afghan security forces to fill the gap. The area is relatively peaceful, Boucher said, but we do not know if it was because of the agreement. A weakness of the agreement, Boucher said, is that it runs contrary to our overall goal in Afghanistan to strengthen the central government. The deal is similar to the North Waziristan agreement in Pakistan's tribal areas, Boucher said, but Musa Qala does not have the same strategic value for fighting the Taliban insurgency.

15. (C) Kasuri asked Boucher why media and think tank assessments of Pak-Afghan border security are so downbeat when U.S. officials privately have a much more optimistic assessment. Boucher attributed this dissonance to the time required for improved Afghan security, governance and development efforts to show results to outside observers. Boucher stressed that it is still important to focus on

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improving efforts against the Taliban insurgency. We expect that it will be a tough year with a lot of fighting, Boucher said, and the flow of people from the Pakistan side of the border is a major concern. Over the next 2-3 months it will be important think about what we can do to make it difficult for the Taliban to launch an offensive.

Kasuri: Karzai's Rhetoric

16. (C) Kasuri expressed frustration over Karzai's disparaging remarks about Pakistan. During Prime Minister Shaukat Aziz's January 4 trip to Afghanistan, Karzai and Aziz agreed to avoid public bickering, but then Karzai used a joint press event to level accusations at Pakistan. Boucher replied that he thinks Karzai is playing to a domestic audience; during his own visit, Boucher emphasized the importance of Afghanistan focusing on its own challenges. Everyone, however, is genuinely concerned about the capabilities of the militants who are crossing the border from Pakistan into Afghanistan, Boucher said.

Kasuri: Unfairly Maligned re: U.S.-India Nuke Deal Remarks

17. (C) Kasuri said that he wanted to set the record straight after reading a recent cable from Pakistan Ambassador Mehmood Ali Durrani describing a meeting with Under Secretary of State for Political Affairs Nicholas Burns. Durrani reported that Burns had raised Kasuri's public rejection of the U.S.-India nuclear agreement, Kasuri said, but Burns appears to have misunderstood Kasuri's position. While I may have initially made some disparaging remarks regarding the U.S.-India nuclear deal, I did not publicly attack or oppose the deal, Kasuri said. Indeed, he continued, I only asked for similar treatment for Pakistan. (Comment: Post believes there may be a misunderstanding on Kasuri's part about the

discussion at the Burns-Durrani meeting. We are reporting Kasuri's comments as he expressed them. End Comment.)

Kasuri: Rose is a ROZ

¶18. (C) Kasuri asked about the status of the formation of Reconstruction Opportunity Zones for Pakistan. Boucher replied he expects draft legislation to go to Congress in the next month or two, as laid out during President Bush's March 2006 visit. Boucher said that the exact areas had not been determined, but they had recommended that the zones include the larger Pak-Afghan border area, including Balochistan and the earthquake-affected zones. An economic analysis of the plan predicted that the most likely area to be developed would be the existing Peshawar - Jalalabad industrial corridor, as foreign investors would most likely be interested in places that already have communications and electricity infrastructure.

¶19. (C) Kasuri also asked whether textiles would be included on the Reconstruction Opportunity Zone product list. Boucher said that a number of products, including stone, marble, gems, leather, and textiles would likely be included. The key to inclusion of products, apart from their development potential in Pakistan, Boucher said, was whether they would compete with U.S. production. Sensitive products, like textiles that would compete with U.S. products, would not be on the list, but items like home-use textiles and carpets that have no U.S. competition are possible. (Note: The Zones, commonly abbreviated ROZ, are apparently pronounced as "roses" in Pakistan's Foreign Ministry, which resulted in

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some initial misunderstandings, as the U.S. has no formal position on roses. End Note.)

Kasuri: Thanks for the Assistance...
Where Is It?

¶10. (C) Kasuri thanked Boucher for U.S. assistance with funding the Federally Administered Tribal Areas development plan and asked for a status on funding. Boucher said that there will be substantial support for the plan, but the numbers have not yet been finalized. Boucher said he expects final figures by early February. Boucher said that he is pleased that the European Union assistance budget for Pakistan has increased, and that the U.S. would be happy to work with Pakistan to help attract other donors for the plan.

¶11. (C) Kasuri also asked about the status of training for local levy and Frontier Corps forces. Boucher replied that the U.S. is looking into how it could be done, and that there are no budget figures attached to these plans yet.

Kasuri: We Will Work With Canada
On Land Mine Alternatives

¶12. (C) Kasuri told Boucher that Canadian Foreign Minister Peter MacKay, who had visited earlier in the week, said that Canada supported the use of fencing to control movement over the Pak-Afghan border, but is concerned about Pakistan's plan to use land mines. MacKay offered assistance in developing alternatives, such as the use of satellite telephones and biometric cards. President Musharraf knew there would be criticism of the mining and fencing plan, Kasuri said, but he believes it will be the most effective way to control the border. Pakistan is willing to listen to Canada's ideas. Kasuri also asked if the U.S. could provide any assistance to support the evolving plan.

Kasuri: We Are Ready to Send Afghan Refugees Home

¶13. (C) Kasuri said that he was pleased to hear Afghan President Karzai say that he is in favor of bringing Afghan refugees living in Pakistan back home. This is an important issue for Pakistan's border security, Kasuri said. We need to remove the connection between the tribal populations of Pakistan and the militant elements amongst the Afghan refugees in order to get Pakistan's own security under control. Kasuri was convinced that it is time for the Afghan refugees to go when he found out that the 450,000 refugees living in Quetta outnumber the city's settled population. Boucher replied that the U.S. supports the Pakistan-Afghanistan-UN High Commissioner for Refugees Tripartite Commission. Pakistan's massive registration drive, coupled with an effort to identify the home districts of remaining Afghan refugees, will help identify incentives to make repatriation a more attractive option for them.

Kasuri: We Are Ready For Greater Coordination With You

¶14. (C) Kasuri asked Boucher if cooperation is good between the Central Intelligence Agency and Inter Services Intelligence. President Musharraf is ready to take action against militants, Kasuri said, if Pakistan is given accurate intelligence about where they are. Technical and human intelligence exchanges are especially important. Ambassador

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Crocker intervened to assert that Pakistan should not rely solely on intelligence agencies to identify militants, as police in areas like Quetta should have a good idea of where the trouble areas are and should be able to provide some targeting support as well. Boucher added that this is another reason to build the capabilities of Pakistan's Frontier Corps, since their ranks are drawn from the local area.

Kasuri: What Are Our Chances For a Free Trade Agreement?

¶15. (C) Kasuri told Boucher about Pakistan's desire to conclude a Free Trade Agreement with the U.S. Boucher replied that the request is premature. First, Pakistan and the U.S. must conclude a Bilateral Investment Treaty and the legislation for the Reconstruction Opportunity Zones. Boucher added that other issues militate against an agreement any time soon, such as the fact that Pakistan's primary export - textiles - is one of the U.S.'s most sensitive trade issues, combined with a free-trade-wary Congress, topped by the fact that it would take an extremely long time to negotiate.

Kasuri: Prospects For Agreement With India Look Good

¶16. (C) Boucher complimented Kasuri on the subtle diplomacy of his recent lunch with Indian counterpart External Affairs Minister Pranab Mukherjee. Kasuri agreed that personal relationships need to develop between leaders for real dialogue to occur. Kasuri was upbeat regarding prospects for resolving Sir Creek, saying that it could be done immediately. Regarding Kashmir, Kasuri said that there has been progress through back-channel discussions over the last ten days. He expressed some frustration with the lack of resolution of the Siachen dispute, but said that a lot of work had been done on the issue. Kasuri made no promises on a public announcement of any agreements during Mukherjee's January 13-15 visit, however.

¶17. (C) Kasuri said that Indian Prime Minister Manmohan Singh wants to visit Pakistan, and may do so in March, but that

U.S. encouragement would be helpful. Upcoming elections in Uttar Pradesh will put pressure on Singh to back away from closer ties with Pakistan, since "the Bharatiya Janata Party is playing the Hindu card," Kasuri said. Boucher replied that the U.S. continues to encourage dialogue, and Singh's discussions with Bharatiya Janata Party leaders over Pakistan policy should be interpreted as a positive sign.

Boucher: Strategic Dialogue Important to Us

¶18. (U) Boucher concluded the meeting by emphasizing his support for the U.S.-Pakistan Strategic Dialogue.

¶19. (U) This cable was cleared by SCA - Caitlin Hayden.
CROCKER